The Secured Loan Index

June 2012

Secured Loan Lending surges in 2012

- **Secured loan lending increased 12% in the first half of 2012**
- **Lending in Q2 was 10% higher than the same period in 2011**
- **Loan completions up due to new lenders entering the market**
- **Secured loan market sees growth despite difficult economic backdrop**

The first half of 2012 saw secured loan lending surge to £150m, reveal the results from the first Loans Warehouse Secured Loan Index.

The research from the UK master broker, taking information direct from its lenders and The FLA, reveals that the secured loan market has witnessed a strong increase for the first six months of 2012, with lending figures reaching £150m, a 12% increase on the same period in 2011. (See Graph 1)

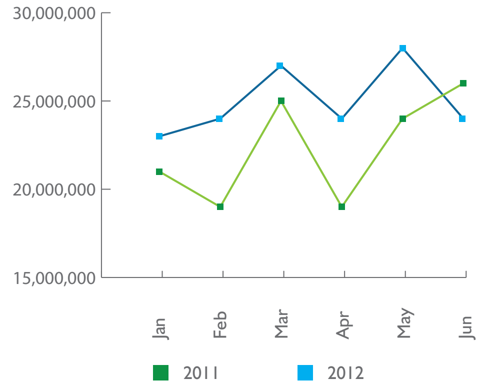
Despite the UK re-entering a recession in the first quarter of 2012, lending showed a significant pickup in activity which was evident particularly at the start of Q2. Gross lending in the second quarter advanced to £76m, a 10% increase on the same period last year, reflecting a significant increase in both lending and borrowing appetite.

The average loan size in June 2012 was £19,000.

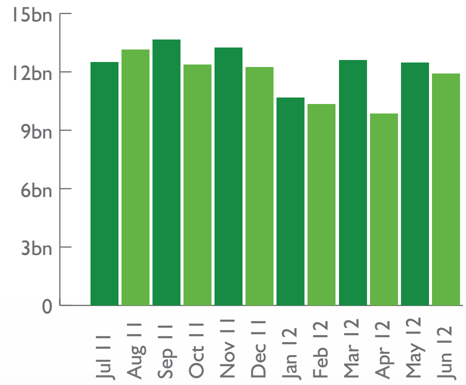
The FLA figures will show total lending in June reached £24m, a 9% decrease on May's results, highlighting the effect of the spring bank holiday. This decline for June lending fell in line with the wider economy as figures released by the Council of Mortgage Lenders revealed that gross mortgage lending in June fell 5% on the previous month. (See Graph 2)

Despite the current market conditions, overall secured lending trends seem to be broadly stable; which is something we expect to continue throughout the rest of the year.

Secured Loan Figures — Graph 1



Mortgages — Graph 2



Matt Tristram, joint Managing Director of Loans Warehouse said:

"We wanted to produce a secured loan index which proved this sector is witnessing a significant boost.

"Whilst we have predicted FLA figures in June will show a 9% drop on May's figures, you have to take into account that these results don't include all lender's figures. New lenders have since entered the market and are not accounted for in the FLA data. The actual figure for June, taken direct from our panel of lenders, reveal that lending is actually over £2m higher than the anticipated result, taking the total lending figure in June 2012 to £26.5m.

"This year has seen many positive changes for the market. The loosening of lending criteria over the past 12 months is having the biggest impact, along with record low rates and redemption fees. Customers are evidently taking full advantage of this revival period and the industry is growing as a result.

"Increased availability and improved criteria was never more apparent than in June. In particular was Nemo's announcement to open up its products by launching a One Unit Plan, a product that hasn't been offered by them since before the credit crunch. Nemo have predicted that these changes will encourage market growth, something that will definitely become more apparent in July."

The Industry Standard brought to you by LoansWarehouse

Sam Marshall, Joint Managing Director of Nemo comments following the improvements of their product range:

"The introduction of these products will create an additional £4m -£5.5m per month of new origination which based on current statistics represents a 20% growth opportunity for the market."

Sam Marshall,
Joint Managing Director of Nemo

The industry has also seen a comforting increase in responsible lending as the latest repossession figures from the FLA show the number of possessions fell in Q1 of 2012 by 7.1% compared with Q1 of 2011

Paul Stringer of Norton Finance comments on the latest figures:

"Repossession rates in the second charge industry continue to be at the extremely low levels we have seen over recent years, reflecting the stringent affordability and creditworthiness checks that lenders apply to ensure lending is responsible and to customers that are able to afford the repayments.

"For the majority of secured loan customers who miss payments, it is often a short term "one off" cash flow problem, something they can soon overcome so they can continue to repay their loan."

Conclusion

Matt Tristram concluded:

"We entered another recession in March this year; however, these results state otherwise as secured loans have witnessed significant growth in the last 6 months alone. The market is evidently regaining confidence as demand from homeowners seeking finance is strong. We are witnessing changes not seen since the credit crunch, something that will continue throughout the rest of the year."

*Equifinance, Spring, FES and Evolution Money

Index Methodology

To create the index, Loans Warehouse analyses data based on the figures released directly to them by UK secured loan lenders and figures taken from the FLA.

About Loans Warehouse

Loans Warehouse is a specialist provider of secured loans. Matt Tristram and Sam Busfield established the company in 2006 and has become a market leading secured loan brokerage.

In 2012, Loans Warehouse won the Mortgage Strategy Award for Best Specialist Broker and were voted Best Secured Loan Broker at the myintroducer.com awards by the industry.

Loans Warehouse has direct access to every major secured loan lender in the UK.

Notes to Editors

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